

Stock Code: 200992

Short Form of the Stock: Zhonglu B

Public Notice No: 2020-05

Shandong Zhonglu Oceanic Fisheries Company Limited

Summary of Annual Report 2019

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company; investors should found in the full-text of annual report that published on media appointed by CSRC.

Objection statement of directors, supervisors and senior executives

Name	Position	Content and reason
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Statement

Other directors attending the Meeting for annual report deliberation except for the followed

Name of director absent	Title for absent director	Reasons for absent	Attorney
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Prompt of non-standard audit opinion

Applicable Not applicable

Profit distribution pre-plan of common stock or capitalizing of common reserves pre-plan deliberated by the Board in the reporting period

Applicable Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve.

Profit distribution pre-plan of preferred stock deliberated and approved by the Board in the reporting period

Applicable Not applicable

II. Basic information of the company

1. Company profile

Short form of the stock	ZHONGLU B	Stock code	200992
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Li Ming	Li Ying	
Office add.	No. 65 Haier Rd., Laoshan District, Qingdao, Shandong	No. 65 Haier Rd., Laoshan District, Qingdao, Shandong	
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2. Main business or product introduction in the reporting period

The Company is a comprehensive fishery enterprise integrated with ocean-going fishing, ocean refrigerated transport, and refrigeration, processing and trading of aquatic products, its main businesses involve all major aspects of the industry chain.

During the reporting period, the company's main business didn't make any change. Ocean fishing has still been the main line while refrigerated transport and refrigeration processing trade were the two wings, and they supported each other and promoted each other, the industrial chain was relatively complete.

(1) Pelagic fishing

During the reporting period, the Company has owned a total of 23 vessels for ocean-going fishing, including 7 large-scale tuna seiners (units), 14 large ultra-low temperature tuna long liners (the newly constructed tuna longliner "Tai Xiang 11" was completed in July 2019, its operation has been in good condition, and the investment effect has begun to show up), and 2 medium-sized trawlers., which have been respectively working in Indian Ocean and the Garner in Atlantic Ocean. Main fishing species include: *thunus obesus*, yellowfin tuna, swordfish, sailfish, albacore tuna and bonito etc.

(2) Refrigerated transport

In reporting period, the refrigerated transport ship of the Company is engaged in the international operation and services, and has access to major ports around the world, suitable for ocean transportation of aquatic products, meat, poultry, vegetables and fruits, some ships have ultra-low temperature function, and for the tuna transport business as well. A new advanced refrigerated transport ship "Xin Mao Chang" with a high degree of automation and a polar sailing certificate was newly purchased, and the ship has been put into operation in October, and the investment effect is obvious.

(3) Refrigeration processing trade

In reporting period, main processing products includes 20 species as *thunus obesus*, yellowfin tuna, bluefin tuna, albacore, swordfish, red flag fish, black phantom tetra and etc.; products form are applicable to the Japanese cuisine, EU and Russian market with tuna slices, tuna dice, tuna plate and tuna milk cheese. In domestic market, we has achieved a sales network integration of wechat-business + E-business + super market business + sub-warehouse, and sales volume exceeded one hundred million yuan.

3. Main accounting data and financial indexes

(1) Main accounting data and financial indexes for recently three years

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

In RMB

	2019	2018	Changes over last year	2017
Operating income (RMB)	1,128,951,902.68	1,023,348,055.53	10.32%	924,116,785.80

Net profit attributable to shareholders of the listed company (RMB)	82,311,630.23	90,281,584.29	-8.83%	91,517,485.28
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	80,410,900.02	88,188,293.14	-8.82%	85,499,842.39
Net cash flow arising from operating activities (RMB)	110,296,542.67	69,635,895.65	58.39%	63,205,894.49
Basic earnings per share (RMB/Share)	0.31	0.34	-8.82%	0.34
Diluted earnings per share (RMB/Share)	0.31	0.34	-8.82%	0.34
Weighted average ROE	9.74%	12.06%	-2.32%	13.79%
	Year-end of 2019	Year-end of 2018	Changes over end of last year	Year-end of 2017
Total assets (RMB)	1,288,526,843.80	1,213,282,583.68	6.20%	1,065,483,763.80
Net assets attributable to shareholder of listed company (RMB)	887,201,969.69	803,507,440.24	10.42%	703,769,793.95

(2) Quarterly main financial index

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating income	255,046,260.12	260,422,399.02	320,310,591.10	293,172,652.44
Net profit attributable to shareholders of the listed company	5,889,311.73	22,530,782.47	39,690,937.43	14,200,598.60
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	5,698,263.62	22,314,136.84	39,369,970.16	13,028,529.40
Net cash flow arising from operating activities	8,105,851.14	-12,346,698.44	79,603,826.29	34,933,563.68

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

4. Shares and shareholders

(1) Particulars about common stock shareholders, preference shareholders with voting rights recovered and top ten shareholders

In Share

Total common stock shareholders in reporting period-end	11,672	Total common stock shareholders at end of last month before annual report disclosed	11,622	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed	0
Top ten shareholders							
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of shares pledged/frozen		
					State of share	Amount	
Shandong State-owned Assets Investment Holding Company Limited	State-owned legal person	47.25%	125,731,320	125,731,320			
Chen Tianming	Foreign nature person	2.16%	5,760,427				
Cai Yujiu	Domestic nature person	1.42%	3,766,401				
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.80%	2,118,736				
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	Foreign legal person	0.76%	2,014,624				

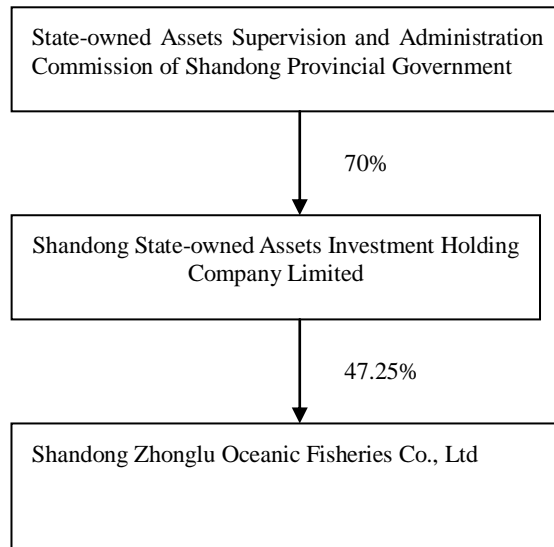
China National Heavy Duty Truck Group Jinan Truck LLC	State-owned legal person	0.73%	1,950,000	1,950,000		
Shenwan HongYuan (H.K.) Limited	Foreign legal person	0.73%	1,939,154			
Lin Mingyu	Domestic nature person	0.45%	1,210,001			
Wang Dongsheng	Foreign nature person	0.45%	1,205,203			
Huang Jiayi	Foreign nature person	0.39%	1,048,687			
Explanation on associated relationship among the aforesaid shareholders	Shandong State-owned Assets Investment has 20% shares of China National Heavy Duty Truck Group Co., Ltd. (During the reporting period, in addition to enjoying the right of assets income, other shareholder's rights under the 20% state-owned equity of SINO TRUCK are authorized to exercise by Shandong Heavy Industry Group Co., Ltd.), rests of the shareholders are the domestically listed foreign shareholders, and the Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by "management method for acquisition of listed company" among the above said shareholders					
Explanation on shareholders involving margin business (if applicable)	Not applicable					

(2) Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

The Company had no shareholders with preferred stock held in the reporting.

(3) Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:



5. Corporate bonds

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

No

III. Discussion and analysis of business

1. Introduction of operation in the reporting period

In reporting period, the Company achieved operating income of 1128.95 million Yuan, increased 10.32% compared last year's 1023.35 million Yuan; total profit achieved 101.69 million Yuan, increased 0.18% compared last year's 101.51 million Yuan; net profit attributable to parent company amounted as 82.31 million Yuan, decreased 8.83% compared last year's 90.28 million Yuan. Total assets amounted as 1288.53 million Yuan with 6.20% growth compared balance at period-begin.

(1) Pelagic fishing: For the tuna seine fishing business, the company's 7 groups of tuna seiners in this period have been in good condition and the fishing output has reached the expected target. Through scientific management and application of advanced technology equipment such as remote monitoring of electric buoys and artificial nets, at present, the output of ships is at the leading level in the Atlantic fishing area. The tuna longline fishing business strive to overcome the unsatisfactory situations of Japanese tuna market saturation, oversupply of international fish supply and continued falling prices, grasped the main business, focused on production and fishing, took party building as the guide, took safety as guarantee, took innovation and efficiency as targets, and took the road of sustainable development, opened a new fishing ground for tuna long-lining, the fishing output is good and has broken the historical peak, the construction project of "Tai Xiang 11" was successfully completed and put into production. During the reporting period, the pelagic fishing sector achieved an operating income of 481.29 million

Yuan with 23.93% up on a y-o-y basis; the total profit counted as 81.87 million Yuan, a 42.38% growth from a year earlier.

(2) Refrigerated transport: Continued to implement standardized management, strengthened innovative development models, intensified team building, enhanced the vitality of enterprise development, strengthened cultural construction, enhanced the soft power of enterprise development, paid close attention to safe production and operation, strengthened ship management, and improved the sailing rate of ships to ensure the ship operating rate. A new transport ship “Xin Mao Chang” was purchased and put into production and operation smoothly in the second half of the year, which accelerated the company’s transformation and upgrading and provided momentum for sustainable and high-quality development. During the reporting period, achieved an operating income of 101.34 million Yuan with 8.19% up on a y-o-y basis; the total profit counted as 32.49 million Yuan, a 4.54% growth from a year earlier.

(3) Cold storage processing trade: Under the multiple pressures of the weak domestic and foreign tuna markets, falling prices, and destocking to prevent risks, the company took “upgrade, update, destocking, and risk reduction” as management theme, and fully implemented “addition, subtraction, multiplication, and division” methods, cultivated new growth points, worked together to destock, built network sales platforms, and improved product returns. During the reporting period, achieved an operating income of 672.61 million Yuan with 6.05% up on a y-o-y basis; the total profit counted as 7.51 million Yuan, a 71.27% declined from a year earlier.

2. Whether the main business had major change in the reporting period

Yes No

3. About the industries, products, or regions accounting for over 10% of the company’s operating income or operating profit

Applicable Not applicable

In RMB

Name	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
Deep-sea fishing	478,523,402.07	81,720,358.26	21.61%	23.21%	42.61%	3.07%
Boat rental	101,340,331.62	32,487,917.17	37.55%	8.19%	4.49%	1.44%
Refrigerated processing trade	672,613,037.45	7,575,485.95	5.26%	6.05%	-73.79%	-4.52%

4. Whether the characteristics of management seasonal or cyclical need special attention

Yes No

5. In the reporting period, note of major changes in operating income, operating cost, total net profit attributable to common stock shareholders of listed company or composing the previous reporting period

Applicable Not applicable

6. Particular about suspension and termination of listing

Applicable Not applicable

7. Relevant items involving financial report

(1) Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

1. Changes and basis of accounting policy

(1) The *Accounting Standards for Business Enterprise No. 22- Recognition and Measurement of Financial Instruments*, *Accounting Standards for Business Enterprise No. 23- Transfer of Financial Assets*, *Accounting Standards for Business Enterprise No. 24- Hedge Accounting* and *Accounting Standards for Business Enterprise No. 37- Presentation of Financial Instruments* (these four items are collectively referred to as the” new financial instrument standards”) are revised by the Ministry of Finance in 2017.

The new financial instrument standards divide financial assets into three categories: (1) financial assets measured at amortized cost; (2) financial assets measured at fair value and whose changes are included in other comprehensive income; (3) financial assets measured at fair value and their changes are included in the current profit and loss. Under the new financial instrument standards, the classification of financial assets is determined based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the assets. The new financial instrument standards eliminate three categories specified in the original financial instrument standards, i.e. held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The new financial instrument standards replace the “incurred loss” model in the original financial instrument standards with the “expected credit loss” model. Under the new financial instrument standards, the Company’s specific accounting policies are described in XII (v) 10.

(2) In April 2019, the Ministry of Finance issued the *Notice on Revision and Issuance of 2019 Financial Statement Format for General Corporate* (Cai Kuai [2019] No.6) (hereinafter referred to as “Financial Statement Format”), the enterprises (that implement the Accounting Standards for Business Enterprise) are required to preparing the financial statement in accordance with the requirement of the Notice.

The Company implemented the above mentioned revised standards and financial statement format since 1 Jan. 2019, and adjusted relevant contents of the accounting policies.

2. Impact of changes in accounting policies

(1) Impact of implementation of new financial instrument standards

According to the new financial instrument standards, the Company adjusted the classification of financial instruments on the implementation date of the new financial instrument standards (that is, January 1, 2019), and reclassified available-for-sale financial assets to other equity instrument investments, the book value was zero, there’s no need to adjust the original book value of the financial instruments.

(2) Impact of implementation of revised financial statement format

According to the requirements of the financial statement format, in addition to the presentation changes resulting from the implementation of the above new financial instrument standards, the Company divided the “notes receivable and accounts receivable” and presented as two items, i.e. “notes receivable” and “accounts receivable”, and divided the “notes payable and accounts payable” and presented as two items, i.e. “notes payable” and “accounts payable”. The Company correspondingly made retroactive adjustment to the comparative period statements, and the change in accounting policy had no impact on the merger and the company’s net profit and shareholders’ equity.

(2) Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

(3) Compare with last year’s financial report; explain changes in consolidation statement’s scope

Applicable Not applicable

No changes in consolidation statement’s scope for the Company in the period.